

SAC 18683
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26 August 1957

Gentlemen:

Reference is made to your CMCC Doc. No. 151X5.679 indicating the benefits in combining the production of System 3's.

The procedure you proposed in your letter is hereby approved.

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PCS/DCI:DMK:bas (8/26/57)

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25X1A

ENCLOSURE NO.
NO INFORMATION CLASSIFIED
DATE 10/10/01
CLASSIFICATION BASIS S C 2011
NUMBER OF PAGES 1
ADDRESS 101700
DATE 17/4/98
REF ID: A987189

SECRET

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16 August 1957

CMCC Doc. No. 151X5.679

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Dear Dan:

As I discussed with you and George during a recent visit, it is highly desirable to combine the production of the Navy System 3 equipment with the production of the small number of additional systems for Scotty.

If we can purchase materials, fabricate parts and subassemblies, and conduct final assembly and test in a combined lot, we will realize substantial savings in procurement costs, material record-keeping, assembly labor, manufacturing scheduling-time, and similar administrative and supervisory costs connected with the procurement. Accordingly, we propose to procure and fabricate both orders of equipment under a single MJO (Master Job Order) and to pro rate the costs between the two contracts on the basis of the number of systems ordered under each. Both you and George thought this was a feasible procedure, and we are currently operating on this basis.

We would appreciate a letter giving us written approval to this method of operation and the accounting procedures involved.

Sincerely,

Bob

Bob

*100-17878-1
100-17878-2
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